GOVERNMENT'S FAVOUR TO HINDUJAS

2623. SHRI JAGDISH PRASAD MATHUR : Will the Minister of FINANCE be pleased to state :

(a) whether Government's attention has been drawn to newsitem published in the *Business Express dated 24th* November, 1993 under the caption Government trying to favour Hindujas"; and

(b) what is Government's reaction and approach to various issues raised in the newsitem ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) ,: (a) Yes, Sir.

(b) The question of non-resident investment in the equity of the new private sector banks has been engaging the attention of RBI for quite sometime. Some of the applicants indicated in their applications that they would endeavour to bring in funds from NRIs, Overseas Corporate bodies, etc. The matter has been examined and it has been decided that NRI participation in the primary equity of a banking company may be allowed to the extent of 40 per cent. In the case of a foreign banking company or finance company equity participation may be restricted to 20 per cent. It may be relevant to add here that under the existing regulations, Indian companies engaged in manufacturing, industrial activities, etc. are permitted to offer 40 per cent of their new equity issues to NRI and Overseas Corporate Bodies.

REDUCTION IN INTEREST RATES

2624. SHRI S. S. SURJEWALA : Will the Minister of FINANCE be pleased to state :

(a) the number of times the Reserve Bank of India have issued instructions to the nationalised commercial banks to reduce the interest rates on fixed deposits and short-term deposits during each of the last two years;

(b) what are the reasons for reduction in the interest rates on such deposits;

(c) to what extent the reduction in interest rates has adversely affected the middle and lower middle class depositors, particularly retired and retiring Government servants and other employees; and

(d) whether the frequent fluctuations in interest rates have affected the deposits in the banks and if so, what are the details in this regard ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) The structure of interest rates of Commercial Banks in determined by Reserve Bank of India (RBI) taking into account a number of factors like the growth rate of economy and sub sectors, the rate of inflation, the pace of monetary expansion, the costant of raising resources by banks, the profitability of the banks etc. Keeping in view the above factors, RBI revises the interest rate structure from time to time. Since October, 1991 there have been 4 changes in term deposits rate and two changes in savings deposits rates. The details of these changes are given in the Statement (*See* below).

(c) Growth of bank deposits and small savings in a region and in a particular year depends on the number of factors including rate of growth of economy, the inflation rate, the relative attractiveness for the other instrument of savings. Keeping in view the above factors, there is unlikely to be any adverse effect on the Slow of bank deposits and small savings from various segments of the society.

(d) As per information, received from RBI, aggregate deposits of commercial banks have shown a rise of Rs. 24,450 crores as at the end of November 26, 1993 during the current financial year as against a working estimate of deposits growth of Rs. 39,000 crores for the full year.

STATEMENT

Interest rate of Deposits (excluding non-resident deposits) of Scheduled Commercial Banks

(Per Cent Per Annum)

Effective Date	Savings Deposits	Terms Deposits		
		46 days and above but less than 1 year	1 year and above but less than 3 years	3 years and above
October 10, 1991	5.00	11.0	12.0	13.0
April 22, 1992	6.0*	– Not exceeding 13.0 per cent–		
October 9, 1992	6.0	– Not exceeding 12.0 per cent–		
March 1, 1993	6.0	– Not exceeding 11.0 per cent–		
July 1, 1993	5.0	– Not exceeding 11.0 per cent–		
September 2, 1993	5.0	– Not exceeding 10.0 per cent–		

*With effect from April 24, 1972

Note : From April 1992 a single maximum rate was prescribed from term deposits.

INDUSTRIES REFERRED TO BIFR

2625. SHRI SUKOMAL SEN :
SHRI ANANTRAY DEVSHANKER DAVE :

Will the Minister of FINANCE be pleased to refer to answer to Starred Question 177 given in Rajya Sabha on the 14th December 1993 and state :

(a) the number of units that have got their revival plans finalised by BIFR; and

(b) the number of units that have been recommended for liquidation ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED) : (a) and (b) The Board for Industrial and Financial Reconstruction (BIFR) has reported that as on 30-11-1993, it has approved/sanctioned 432 revival schemes (124 schemes of the company concerned and 308 schemes formulated through the operating agencies). The Board has recommended winding up of 250 sick industrial companies to the concerned High Court.

BUNGLING IN STATE BANK OF INDORE

2626. SHRI RAM NARESH YADAV : Will the Minister of FINANCE be pleased to refer to the answer to Starred Question 65 given in the Rajya Sabha on the 7th December, 1993 and state :

(a) whether any joint letter signed by 25 MPs and another letter signed by 16 MPs sent in March, 1992 and April, 1992 respectively were received by Govt. in the matter of alleged fraud in the State Bank of Indore and related issues;

(b) if so, whether any final decision has been taken in the case as referred to in the joint letters;

(c) if so, what are the details thereof;

(d) whether the alleged fraud in the State Bank of Indore and related issues